

# ***Key Ideas***

## ***Chapter 6: Budget Forms & Process***



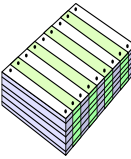
*In this section, we will discuss the following:*


- *Tips for putting together a local government budget.*
- *The Department of Local Government Finance Budget Order.*
- *Filling out County Budget Form 1.*
- *Filling out County Budget Form 2.*
- *Filling out County Budget Form 3.*
- *Filling out County Budget Form 4.*
- *Filling out County Budget Form 4A.*
- *Filling out County Budget Form 4B.*
- *Filling out County Budget Form 144.*

## GETTING STARTED

### FORMS

#### PUTTING THE BUDGET TOGETHER: What do you need?

- 
- County Ledger
  - Current Department of Local Government Finance Budget Order
  - Approved Department of Local Government Finance Additional Appropriation orders
  - Budget Form 1 – County Budget Estimate
  - Budget Form 2 – Estimate of Miscellaneous Revenue
  - Budget Form 3 – Notice to Taxpayers of Budget Estimates and Tax Levies
  - Budget Form 4 – Ordinance for Appropriations and Tax Rates
  - Budget Form 4B – Budget Estimate – Financial Statement – Proposed Tax Rate
  - Budget Form 4A- Certificate of Appropriations
  - Budget Form 144- Statement of Salaries and Wages



The first step in putting a budget together is to analyze the past year and current year budget.

#### TIPS

- Determine whether current items appropriated are actually needed.
- Should some appropriations be increased or should some be decreased?  
*Look at current and prior year disbursements, if money has been left over at the end of the year, you may want to consider reducing the appropriation, if additional appropriations were made, consider increasing the appropriation.*
- Is there something new that will need to be funded?
- If an item is added, can the county afford it?
- Don't wait until last minute to formulate the new budget – Begin preparation as soon as possible after June 30.

**Note:** Budget forms are planned to be available on the DLGF's website in the spring of 2007.

## **THE BUDGET PROCESS**

The budget process begins in early spring when the County Auditor and Department heads begin to analyze the appropriations that will be needed for the ensuing year. The DLGF holds budget workshops in July and August to meet with the units on the budget forms. At this time, the County Auditor should present verification of cash balances and have each form completed as much as possible. The DLGF field representative will then advise the County of dates and assist, if necessary, to determine publishing dates and other information as needed.

Note: Each budget form that needs to be completed is talked about in greater detail in the sections that follow this introduction to the budget process. The budget calendar, which details specific dates that steps of the budget process needs to be completed by, is included in another chapter of this manual.

When the budget workshop is completed, the County Auditor will need to finalize the budget and publish appropriately in two newspapers. The Auditor then will need to make two copies of the budget from each taxing unit in the County. One copy will be picked up by the DLGF field representative and will be the finalized forms the DLGF will need to process the unit's budget. The DLGF will hold budget hearings beginning in October to allow taxpayers from the district to comment on the budget submitted for approval. After the budget hearing is completed, the DLGF field representative will then begin to review the submitted budget forms, verify cash balances, if not already received, and check publication dates for timeliness, and update revenue estimates based on most recent information. Once this has been done, the field representative will begin entering the budget information into the budget program. When all units in the County have been worked, a 1782 Notice is sent to each taxing unit. The 1782 Notice is a preliminary budget based on what was submitted to the DLGF and what was advertised in the newspapers. The field representative will review the changes requested and make any that are allowed and reasonable. The 1782 Notice gives a unit fourteen (14) days, per statute, to respond with any changes. Once the 1782 Notice has expired, no other changes will be permitted, except for situational problems - such as not receiving the 1782 Notice. The field representative will then make any changes requested from the 1782 Notices and submit the final budget to the DLGF office in Indianapolis. Once the office receives the completed budget program from the field representative, they begin the necessary steps to finalize and certify the budget.

The office is responsible for verifying the field representative's work, running several reports to check totals and other information and then certifying and issuing the Budget Order, which is then signed by the Commissioner. The Budget Order is discussed in more detail at the end of this chapter.

## **COUNTY BUDGET ESTIMATE BUDGET FORM 1**

Budget Form 1 is prepared for each fund budget within the county by the Auditor. The County Auditor normally compiles information from the individual officeholders for completion by July 1. When Departments complete the appropriate forms, the County Auditor compiles the forms to come up with a total budget estimate for line 1, Budget Form 4B, and for determining miscellaneous revenues by fund for the county.

Budget Form 1 is utilized to estimate the necessary expenditures for the ensuing budget year. The form is divided into four (4) budget classifications as follows:

**Personal Services** include salary, wages and employee benefits.

**Supplies** include office supplies, operating supplies and repair and maintenance.

**Other Services and Charges** are appropriated for services other than personal services, which are required by the county in carrying out its assigned functions such as legal services, communication and transportation, printing, insurance, rentals and debt service.

**Capital Outlays** are for the acquisition of land, buildings, machinery and equipment.

This is further divided into the most common funds, which are applicable to the county.

The “Items” column is used to indicate that amount which the Auditor will present to the County Council for their approval at time of adoption. The “Total Estimate” column is used to total each budget classification. The total of the form is then transferred to Line 1 of Budget Form 4B in the “Amount Used to Compute Published Budget” column.

The right most column headed “Approved” is for use by the County Council in adopting the budget. The County Council should approve each line item and each major category is then totaled. This total is transferred to Line 1 of Budget Form 4B in the “Appropriating Body” column.

The form must be completed for each fund to be appropriated. To arrive at this amount, the County Auditor must look at historical expenditures and anticipate future needs. As previously stated, if a certain item was increased in the previous year through additional appropriation, consideration should be given to increase the expenditure. If a substantial amount went unused in the previous year then the possibility of reducing or eliminating the item should be considered.

The Budget Form 1 should reflect those needs, which the County Auditor and other officials consider necessary to perform the county’s governmental function, without limiting the needs to comply with the maximum levy. In order for the County Council to consider an excessive levy appeal, a need for the increase must be itemized. It becomes the County Council’s responsibility

to either make application for an excessive levy appeal or reduce appropriations to fall within the maximum levy guidelines.

IC 36-4-7-6 outlines the procedures for formulation of budget estimates. Simply, it is a five-step process.

Step 1: Each department head prepares for his department an estimate of the amount of money required to operate his department in the ensuing budget year. Detailed line item estimates should be presented to the County Auditor.

Step 2: The County Auditor prepares revenue estimates for the ensuing budget year, and prepares the itemized estimate of expenditures for all departments proposed for the ensuing budget year.

Step 3: The Commissioners and Council Members may meet with department heads and the County Auditor to review the various estimates.

Step 4: After the executive reviews and revises the proposed estimates, the County Auditor prepares for the executive a list of estimated departmental budgets, miscellaneous expenses and revenues needed to support the estimates.

Step 5: The County Auditor then presents the budget estimates to the County Council. The County Council prepares an ordinance fixing the rate of taxation for the ensuing year and an ordinance making appropriations for the various departments and other county purposes for the ensuing year. The County Council may reduce any item it chooses.

The compilation of data on the Form 1s should be double checked by the County Auditor. It is a critical that an accurate number for the total county budget within the general fund be advertised on Form 3 and incorporated on Budget Form 4B.

**This completes Budget Form 1**

**ESTIMATE OF MISCELLANEOUS REVENUES  
BUDGET FORM 2**

**General:**

Budget Form 2, Estimate of Miscellaneous Revenues, accounts for revenue from all sources other than property taxes. The form is divided into two sections. Column A is for amounts expected to be received between July 1 and December 31 of the current budget year. Column B is for amounts expected to be received between January 1 and December 31 of the incoming budget year. This process accounts for revenues over an eighteen (18) month period

A separate Estimate of Miscellaneous Revenues must be prepared for each fund maintained by the county. No fund, of course, is likely to use every line or row on the form, but every fund should generate some revenue. There are various means to estimate the anticipated monies but the most common is by historical evidence. Base the estimates over a three-year period, adjusting for any increases or decreases. The County Auditor uses information on some revenues such as Column A excise tax, financial institution tax and certified share distributions. These estimates are also forwarded to other taxing units on the Auditor's Certificate. Other sources of revenue are loan proceeds and interest on investments.

The proper allocation of revenues to funds is extremely important. From a historical perspective, not only can total amounts be estimated but also whether those amounts are staggered throughout the year. The allocation of excise tax among the funds is probably the most difficult to estimate, especially for Column B. License Excise Tax is distributed to only those funds which receive a tax levy. The allocation is based upon the percentage of total levy to each fund. The total amount of license excise tax does not, in most cases, significantly change. However, the allocation between the funds can be dramatic.

**Example:**

Total Actual Excise Distribution	2000	\$12,577
	2001	\$14,856
	2002	<u>\$15,992</u>
Three Year Avg.		\$14,475

Fund	Levy	Percent of Levy	Excise to be Distributed
General	26,155	24%	\$3,474
Reassessment	12,883	12%	\$1,737
Park	<u>69,138</u>	<u>64%</u>	<u>\$9,264</u>
Total	108,176	100%	\$14,475

Step 1: Compute a three-year average of total actual excise tax received by the county.

Step 2: Add the total amount levied from each fund for the incoming year.

Step 3: Of the total amount from Step 2, divide that amount into each fund levy (e.g.  $\$26,155 \div \$108,176 = 24\%$ )

Step 4: Multiply the three-year excise tax average by the result of Step 3. This represents the amount of excise tax allocated to the fund. (i.e.  $\$14,475 \times .24 = \$3,474$ )

It must be realized that the calculation of license excise tax will not be totally accurate. If the county can estimate 90% of its actual distribution, that is about as close as can be expected. The amount of excise to be distributed to each taxing unit during June and December Settlement is based upon that taxing unit's total property tax rate(s) as compared to other taxing unit's property tax rate(s). Excise distributions will fluctuate based on increases/decreases in property tax levies. Any excise refunds made in a taxing district also reduces the amount of excise distributions made between the taxing units in the district.

The Department of Local Government Finance Hearing Officer can provide guidance on making excise estimates. The Department of Local Government Finance monitors the growth or decline in excise estimates for a three-year period.

**This completes Budget Form 2**

## **NOTICE TO TAXPAYERS OF BUDGET ESTIMATES AND TAX LEVIES**

### **Budget Form 3**

#### **General**

Budget Form 3 is used to advertise to the taxpayers the budgets and levies which are to be raised in the ensuing year. In addition, this form notifies the taxpayers of the dates of the public hearing and adoption of the budget. The form was revised in 2002. No prior forms may be used for notification to taxpayers.

#### **Publication of Form 3**

This form is to be published two (2) times. There must be a minimum of ten (10) days between the public hearing meeting date and adoption meeting date. This form must be published a minimum of ten (10) days prior to the public hearing. If the budget is to be published by a daily and a weekly newspaper, both advertisements must appear at least ten (10) days prior to the public hearing.

Ex: If a public hearing is to be held September 5, the adoption hearing cannot be held before September 15.

If an error was made in the preparation of the advertisement, a budget, rate or levy, it may be corrected in the second advertisement without penalty. If the newspaper fails to properly publish the advertisement, a statement by the newspaper is sufficient. The newspaper must provide the documentation to the taxing unit to be included in the budget paperwork.

#### **Conduct of Hearings**

The *public hearing* is for the benefit of the taxpayer. Copies of the budget should be made available to interested taxpayers. The County Council should ask for comments from those in attendance and allow them the opportunity to speak for or against any budgetary items. The *adoption meeting* is where the County Council meets to take final action on the budget. Ten (10) or more taxpayers have the right to submit their objections to the budget within seven (7) days after the public hearing. The County Council, at its adoption meeting, must consider those objections and submit their findings and final actions, in writing, with the budget when presented to the County Auditor. In short, each objection must be addressed and the reason for the action taken. The adoption hearing is a public meeting; however, taxpayers do not have the right to testify or comment on the County Council's actions. If the County Council fails to satisfy taxpayer concerns, taxpayers may appeal the tax rates advertised by the County Tax Adjustment Board or County Auditor.



**Notification Section: Form 3 – Notice to Taxpayers**

- Blank 1:* Insert county name  
*Blank 2:* Insert “county unit”  
*Blank 3:* Insert location where public hearing will take place (to include address)  
*Blank 4:* Insert date when the public hearing will take place  
*Blank 5:* Insert year in which the public hearing will take place  
*Blank 6:* Insert the time of the public hearing  
*Blank 7:* Insert location where adoption meeting will take place (to include address)  
*Blank 8:* Insert month and date of adoption meeting (must be at least ten (10) days from public hearing date above)  
*Blank 9:* Insert year of adoption meeting  
*Blank 10:* Insert time of adoption meeting.  
*Blank 11:* Insert assessed valuation used for calculations

**Budget Estimates and Tax Levies**

**Column 1:** *Fund Name:* The preprinted names are those funds most commonly used by a county unit. If a fund not listed is to be appropriated insert the fund name.

**Column 2:** *Budget Estimate:* The budget estimate is the amount of money that is to be appropriated for each fund. Remember, the general fund budget estimate should reflect all departmental budget requests added together. This amount is taken from Budget Form 1, Total Budget Estimate. *If an amount is not placed in this section, no appropriation may be approved regardless of action taken by the appropriating body at the time of adoption.*

**Column 3:** *Maximum Estimate of funds to be raised (including appeals):* This amount represents the tax levy required to fund the appropriation indicated in Column 2 (Budget Estimate). The amount is taken from Line 16 of Budget Form 4B. This line must also include any amounts, which represent excessive levy appeals. *If no amount is indicated in this section, no tax levy may be approved regardless of action taken by the appropriating body at time of adoption.*

**Column 4:** *Excessive Levy Appeals (included in Column 3):* This column represents the additional amount to be levied above the maximum permissible levy. This amount is included in Column 3 (maximum estimated funds to be raised). The amount in Column 4 is supported by an appeal to the Department of Local Government Finance under IC 6-1.1-18.5.

**Column 5:** *Current Tax Levy:* This column represents the amount of tax levy currently being collected for each fund. This amount is indicated on the 100% Budget Certification form for the current year.

**Levy Section: Form 3**

*Blank 1:* Insert ensuing budget year

*Blank 2:* Insert county maximum levy from Maximum Levy Sheet provided by the Department of Local Government Finance

*Blank 3:* If the county has adopted the County Adjusted Gross Income Tax (CAGIT) the County Auditor informs each taxing unit of the amount of property tax replacement credit applicable. This figure can also be obtained from the Maximum Levy Sheet provided by the Department of Local Government Finance.

*Blank 4:* Insert the month, day and year the form was signed

*Blank 5:* Insert name of the County Auditor.

**This completes Budget Form 3**

**ORDINANCE FOR APPROPRIATIONS AND TAX RATES**  
**Budget Form 4**

This form is the ordinance formally approving the money appropriated on Budget Form 4A for the ensuing budget year. Additionally, this form supports/negates the action taken with respect to Budget Form 4B for levies and tax rates. County Council members affirm their action by signing in the appropriate column, “yea” or “nay.”

The County Auditor attests the action of the Council members and the signatures by signing below the written names. This form must be completed by the county council to approve the county budget for the ensuing year.

The adoption date on this form should be the last date the Council acted on the budgets, tax rates and tax levies for the county. This form should not be completed during the initial public hearing(s).

Budget Form 4 is extremely important. The top section of the form is used by the County Auditor to certify to the Department of Local Government Finance that the budget in-fact was adopted.

Blank 1: Insert the name of the county.

Blank 2: Insert the current year.

Move to the left side of the form under “County Council.”

Blank 3: Insert the month and date of the final adoption. This date must agree with the date advertised for the adoption of the final budget.

Blank 4: Insert the current year.

The bottom section of the form serves as an ordinance for the budgets adopted. It specifies which council members voted “yea” and which council members voted “nay.”

The bottom section has the date the council approved the budget and the auditor attested the information.

**This completes Budget Form 4**

**BUDGET ESTIMATE – FINANCIAL STATEMENT – PROPOSED TAX RATE**  
**Budget Form 4-B**

**General**

Budget Form 4-B is used to account for those monies necessary to be raised for the ensuing budget year. The form is designed to account for an eighteen (18) month period; the last six (6) months of the current budget year and the entire ensuing budget year.

This form is commonly referred to as the **16 Line Statement**, which is derived from the numbers in the left most column. (In past years, the line indicating the Net Tax Rate was not indicated by a number.) The form is also broken into four (4) sections:

- (a) **AMOUNTS USED TO COMPUTE PUBLISHED BUDGET:** This section is completed based upon the budget estimate as originally prepared from Budget Form 1. The aggregates of Line 16's, for funds under the maximum levy, may exceed the maximum permissible levy. That part which does exceed the maximum levy may be reflected in the "Excessive Levy Appeal" column (4) of form 3 if an appeal is being pursued. If not appeal is being pursued, the levies will be reduced to the maximum allowed, which may result in budget cuts.

(See Excessive Levy Appeal Process)

- (b) **APPROPRIATING BODY:** This section is completed based upon the budget as adopted by the county council. The line 1 and line 16 amounts may be the same or less than advertised, but cannot be more. The adopted rates are reflected on the bottom of this form.
- (c) **TAX ADJUSTMENT BOARD:** The county auditor completes this section to reflect the action by the county tax adjustment board or in the absence of such board, his/her action.
- (d) **CONTROL BOARD AND DLGF FINAL ACTION:** The Department of Local Government Finance hearing officer completes this section.

**Unit and Fund Identification Section: Form 4B**

The top of the form is used to identify the unit, fund name and assessed value of the fund necessary to compute the tax rate. The top left of the form, which indicates ID 503, may be left blank as well as Unit on Appeal boxes.

- Blank 1:* Taxing Unit – insert "County Unit"
- Blank 2:* County – insert name of the county
- Blank 3:* Fund – insert the name of the fund being computed
- Blank 4:* Net Assessed Valuation – insert the assessed valuation applicable to the fund.  
The County Auditor provides this figure in the Auditor's Certificate provided to each taxing unit by August 1.

## **Financial Section**

The financial section of the form, Lines 1 through 17, is divided into four sections:

1. The Appropriations Section – Lines 1 through 5
2. The Income Section – Lines 6 through 9
3. Amounts to be Raised by Tax Levy – Lines 10 through 16
4. Net Tax Rate – Line 17

### **Lines 1 through 5**

- Line 1:* Represents the total budget estimate for the ensuing budget year. This figure is taken from the total of Budget Form 1 for the appropriate fund.
- Line 2:* Represents the amount of remaining appropriations for the period July 1 through December 31 of the current budget year. This line is not estimated. It is the result of the following:
- (a) Current year approved appropriations from Department of Local Government Finance Budget Order
  - PLUS**
  - (b) Any amounts encumbered from the immediate prior year
  - PLUS**
  - (c) Department of Local Government Finance approved additional appropriations during the period January 1 through June 30 of the current year. (This does not include additional appropriations, which may have been held prior to July 1, but rather those that have been approved by the Department of Local Government Finance for the period.)
  - MINUS**
  - (d) Appropriated disbursements during the period January 1 to June 30 of the current year. (Do not include disbursements that are not appropriated, (i.e. investment purchases or disbursements to the levy excess fund.)).

**The resulting computation is placed on Line 2**

- Line 3:* Represents the amount of additional appropriations anticipated, if any, during the period July 1 to December 31 of the current year.
- Line 4:* Represents temporary loans, which have not been repaid prior to July 1 of the current year. This line is set out into two sections.
- Line 4a:* Represents temporary loans outstanding but must be repaid by December 31 of the current year.
- Line 4b:* Represents temporary loans outstanding but will not be repaid by December 31 of the current year. If line 4b is used, a resolution declaring an emergency is required. (This amount must be accompanied by a resolution of the County Council stating the date of repayment.)

***If levy excess has not been removed from the fund prior to July 1, then that amount is recognized as being a loan from the levy excess fund.***

*Line 5:* Represents the total of Line 1 through Line 4b which represents the amount of appropriations needed for an eighteen (18) month period: Line 1 represents the ensuing year and Lines 2 through 4b represent current year appropriations.

**The Income Section – Lines 6 through 9**

*Line 6:* Represents the June 30 cash balance. This amount also includes any investments, which are evidenced by disbursements from the fund. Total monies invested or NOW accounts are not considered investments. This line must be the same as the June 30 ledger cash balance plus investments.

*Line 7:* Represents the amount of property tax money to be received in the current year's December distribution. If the June distribution was deposited after June 30, then this amount would reflect the entire year tax distribution, minus any advance draws distributed and received before June 30.

*Line 8a* Represents funds that the unit anticipates receipting into the fund during the period July 1 to December 31 of the current year other than property tax receipts. This amount is taken from the total of Column A, Budget Form 2.

*Line 8b* Represents funds that the unit anticipates receipting into the fund during the period January 1 to December 31 of the ensuing budget year other than property taxes. This amount is taken from the total of Column B, Budget Form 2.

*Line 9:* Represents the total of Lines 6 through 8b, which is the total amount of cash from all sources to be received during the eighteen-month period July 1 of the current year to December 31 of the ensuing year.

**Amounts to be Raised by Tax Levy – Lines 10 through 16**

*Line 10:* The amount of tax money necessary to fund the ensuing budget (Line 1), which is the remainder of Line 9 from Line 5.

*Line 11:* This line is probably the most misunderstood of the budgeting process. The purpose of Line 11 is to allow the unit of government sufficient funds to operate during the period January 1 to June 30, less any miscellaneous revenues received, of the year subsequent to the ensuing budget year. The reasoning behind this theory is that the first tax distribution does not occur until June, it would be reasonable to assume that a unit would not have funds to meet operating expenses during this period. Line 11 is used to estimate the necessary funds for that subsequent period. However, those funds, which are estimated in Line 11, must be raised from the ensuing year maximum permissible levy.

- Line 12:* Total of Line 10 plus Line 11. This amount represents the total amount of property taxes to be levied in order to fund Line 1, budget for the ensuing year, and Line 11, operating expenses for the first half of the following year.
- Line 13:* Represents the amount of property tax replacement credit used to reduce taxpayer property tax burden. If the county has adopted the county adjusted gross income tax (CAGIT), the County Auditor will supply this amount. The amount can also be found on the maximum levy calculation sheet provided by the Department of Local Government Finance.
- Line 14:* Subtract Line 13 from Line 12
- Line 15:* Represents that amount of tax money, which was collected in excess of 100% of the certified budget levy calculated by the Department of Local Government Finance in the immediate prior year. **ONLY the Department of Local Government Finance will utilize this line.**
- Line 16:* Subtract Line 15 from Line 14. This amount represents the total amount of taxes to be levied to fund the ensuing year budget and the cash flow for the first half of the subsequent budget year for a particular fund.

**Net Tax Rate – Line 17**

- Line 17:* Represents the tax rate necessary to raise the levy required by Line 16 by the following steps:
- (a) Divide the Net Assessed Value, at the top of the sheet, by 100 (or move the decimal 2 places to the left).
  - (b) Divide line 16 by the net assessed value per \$100.
  - (c) The result should be taken to four (4) decimal points.

Example: Net Assessed Value = 300,121,370 divided by 100 or 3,001,213.70  
Tax Levy (Line 16) = \$1,986,203  
Tax Levy/(Net Assessed Value/100)= 1,986,203 / 3,001,213.70 = .6618  
Tax Rate (Line 17) = .6618

**This completes Budget Form 4B**

**CERTIFICATE OF APPROPRIATIONS**  
**Budget Form 4A**

**General**

Budget Form 4A is used to account for appropriations as *adopted* by the County Council. The form is divided by fund and major budget classification totals. Reference to individual line items should be indicated on Budget Form 1. The most frequently used fund names are preprinted on the form.

This is the only form which indicates the official action of the appropriating body; therefore, it is necessary that this form be completed in proper form.

**Unit Identification Section**

The top of the form is used to identify the unit and to certify the date of the adoption meeting. The top left of the form, which indicates ID, YEAR, CO, TYPE and FUND may be left blank. The proper preparation of the form is as follows:

*Blank 1:* Taxing Unit: Insert "County Unit."

*Blank 2:* County: Insert name of county.

*Blank 3:* Insert fund number i.e. 0101 (general).

*Blank 4:* Insert fund name.

*Blank 5:* Function (blank).

*Blank 6:* Original published budget appropriation – insert amount published for personal services.

*Blank 7:* Local Council or Board - Insert amount adopted by fiscal body for personal services.

*Blank 8:* Original published budget appropriation- insert amount published for supplies.

*Blank 9:* Local Council or Board – Insert amount adopted by fiscal body for supplies.

*Blank 10:* Original published budget appropriation – insert amount published for other services and charges.

*Blank 11:* Local Council or Board – Insert amount adopted by fiscal body for other services and charges.

*Blank 12:* Original published budget appropriation- insert amount published for capital outlay.

*Blank 13:* Local Council or Board – Insert amount adopted by fiscal body for other services and charges.



### **County Budget Classification Section**

This section is used to indicate the amount *adopted* for each fund by major budget classification. Each category should be indicated by an amount, even if that amount is \$0 to insure that each category has been considered and not omitted. Each fund should be totaled and should agree with the Budget Form 1 as modified by the appropriating body.

Next Section: Repeat for each fund.

Column for Tax Adjustment Board column reflects action taken by the County Board of Tax Adjustment and would be filled in appropriately.

Column for Final Budget after reduction ordered by the Department of Local Government Finance reflects final action taken at the Department of Local Government Finance budget hearing.

**This completes Budget Form 4A**

## **BUDGET ORDER**

The budget order is the *final* action of the Department of Local Government Finance. All other work that a county may receive from the Department of Local Government Finance should be considered as “Work in Progress” and must not be considered as any type of approval. By statute, the Department of Local Government Finance must certify all budgets on or before February 15 of the proposed budget year.

The “Budget Order” informs the unit of the approved levies and rate for each fund which was submitted. The “Budget Order” also informs the unit how much and to which fund to deposit the amounts carried in the Levy Excess Fund. This form will be utilized when preparing the proposed budget and should be filed for easy access.

The “Levy Excess Report of Taxes Collected in 20xx.” This report may be included with the “Budget Order” assuming that the County Auditor has made the final distribution and reported such to the Department of Local Government Finance prior to the issuance of the “Budget Order”. If not, the report will be forwarded under separate cover. This statement informs the unit of each fund’s property tax collections in the immediately proceeding budget year. The figure shown as “100% of Cert. Levy” represents the amount of property taxes to be levied for each fund (line 16 of 16-line statement approved by the Department of Local Government Finance) multiplied by 100%. It is recommended that a new column in the ledger be made and entitled “Levy Excess”. Any amounts that are collected in excess of the 100% must be disbursed from those funds and deposited in the “Levy Excess Fund”. The Department of Local Government Finance may reduce the ensuing year’s levy (line 16 of form 4B) by the same amount as the total in the Levy Excess Fund.

The “100% of 20xx Budget Levy Certification” shows the levy that was approved for each fund and the 100% calculation. Please refer to the note at the bottom of the form, which states that if the *total* amount of levy excess from all funds is less than \$100 there is no need to deposit that amount in the Levy Excess Fund.

Budget appropriations may be transferred within each budget classification (i.e. Personal Services, Supplies, etc.). Appropriations may also be transferred between budget classifications (i.e. Supplies to Other Services and Charges), however, this type of transfer must be approved by the County Council.

When the Department of Local Government Finance certifies the total budgets, tax rates and tax levies for each taxing unit and fund, a complete order is mailed to the County Auditor. The County Auditor maintains one copy in the Auditor’s Office, for reference purposes, and distributes one copy of each taxing unit’s budget order. This should be done immediately to allow units the opportunity to review the certified information. There is no appeal process for the budget order but it is important for each unit to verify the accuracy of the information.

The budget order consists of three parts:

- Budget order- which specifies the assessed valuation, levy excess information, fund tax rate(s) and budget(s) figures.
- Certified levy - which identifies for each fund the certified tax levy and the maximum amount (100%) that may be collected in the ensuing year for that fund before the application of levy excess takes place.
- Levy excess worksheet- which guides taxing units through the calculation of levy excess.

STATE OF INDIANA  
DEPARTMENT OF LOCAL GOVERNMENT FINANCE  
BUDGET ORDER AND 100% OF BUDGET LEVY CERTIFICATION

YEAR: \_\_\_\_\_ COUNTY: # and Name Unit: # and Name Type: \_\_\_\_\_  
Following consideration...

FUND:	Certified Budget	Certified AV	Certified Levy	Certified Rate
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0101 GENERAL

Comments pertaining to fund

FUND: 0706 LOCAL ROAD AND STREET

Comments pertaining to fund

FUND: 1312 PARK

Comments pertaining to fund

This form is the Department of Local Government Finance Budget Order. For each fund, the appropriation and rate approved by the Department of Local Government Finance is stated. Any expenditure which exceeds the stated appropriations must be accomplished by the Additional Appropriations procedure.

**Note: Comments within the General or Fire Fund is the authority to transfer money from the Levy Excess Fund. This is the only notification given for the transfer.**

### **Levy Excess Fund**

A fund that is set aside for property tax collections in excess of 100% for a given calendar year. Money in this fund is used to reduce the ensuing year's property tax levy. This reduction is reflected on line 15 of Budget Form 4B. The Department of Local Government Finance notifies each taxing unit of moneys to be deposited into a levy excess fund on the levy excess worksheet provided to the County Auditor.

During the budget process, it is recommended that the taxing unit not detail levy excess on line 15 but rather allow a higher levy on line 16 to be advertised for budget purposes. This allows some flexibility in case a math error was made in determining the levy. The Department of Local Government Finance will insert any levy excess on line 15 during the budget review and hearing process.

Pursuant to IC 6-1.1-18.5-17(f), "A civil taxing unit may transfer money from its levy excess fund to its other funds to reimburse those funds for amounts withheld from the civil taxing unit as a result of refunds paid under IC 6-1.1-26."

### **Notice of final tax rates charged:**

Pursuant to IC 6-1.1-22-4 and upon certification of the final tax rates and tax levies for all taxing units in the county, the County Auditor is required to publish a notice of final tax rates. This notice is advertised three times, one week apart, in two newspapers, if two newspapers are published in the County. The notice provides taxpayers with the final taxing district rates and state property tax replacement credits that property tax rolls will be based on.

# *Summary*

## **Chapter 6: Getting Started: Budget Forms**



*In this section, we have discussed the following:*

- *Tips for putting together a local government budget.*
- *The Department of Local Government Finance Budget Order.*
- *Filling out County Budget Form 1.*
- *Filling out County Budget Form 2.*
- *Filling out County Budget Form 3.*
- *Filling out County Budget Form 4A.*
- *Filling out County Budget Form 4-B.*
- *Filling out County Budget Form 4.*
- *Filling out County Budget Form 144.*
- *The Final Budget Order.*